ANALYSING ROLE OF SOCIAL MEDIA IN CONSUMER DECISION MAKING FOR PURCHASE OF AUTOBRANDS IN INDIA

Dr. Priya Grover  
Associate Professor-Marketing, Symbiosis Institute of Media & Communication  
Symbiosis International University, Pune, India

Rama Krishna Mandan  
Head-EPC Academy, Tata Projects Ltd, Hyderabad

ABSTRACT  
Changing market dynamics has led to Consumerization of Indian Automobile Industry posing innumerable challenges for the car manufacturers. The demand in the industry today is not just for a car as a product but a bundled “experience package.” Companies can respond to these challenges and create competitive differentiators by leveraging digital technology. In today’s world of digitization, social media provides a wide platform not only to companies for their marketing and promotional activities but also to customers to conduct information search and make purchase decisions. Over the years, the internet has become a major source of consumer sponsored communication floating information, feedback, ideas and sentiments faster than the corporate communication department. It influences different aspects of consumer behavior including awareness, information, acquisition, opinions, attitudes, purchase behavior and post-purchase communication and evaluation. Looking into the strategic role of social media in promotion of passenger cars in India, the paper tries to understand the changing consumer perception towards social media and its role in consumer decision making. At the same time it also empirically derives a consumer-centric methodology for social media marketing by car manufacturers in India.

Key words: Competitive Differentiation, Social Media, Consumerization, Indian Automobile Industry, Passenger cars, Digitization.

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1. INTRODUCTION  
Marketing has always been a central pivotal part of an enterprise. Reputed successful companies have earned a landmark through effective marketing strategies and integrated communication strategy has played an equally important role. In the olden days, traditional mass communication via advertising, whether through television, newspapers, magazines and direct mail were the only ways to reach the
audience. These commercial channels have been used to convey messages designed to develop consumer awareness, attitudes and feelings towards the brands. But with changing environment, with increasing role of technology, the messages are designed to involve the audience either physically or emotionally. One great change that companies have started accepting is Social Media. The term social media refers to the use of web-based and mobile technologies to turn communication into an interactive dialogue. (Baruah T. D., 2012). It can take many different forms including magazines, video, wikis, podcasts, internet forums, social and micro blogging etc. As contrary to the traditional form of communication which involved one-way production and transfer of information, social media is a form of interactive communication involving customers as producers of the content.

The concept of social media is a powerful marketing medium that is redefining the way people interact and share their ideas and experiences. The growth and popularity of digital media surged in 2014 over 2013 with a significant growth in digital advertising of 44.5%. (FICCI-KPMG, 2015). Therefore, with the advent of social media, the strategies to communicate and interact with customers have changed drastically. This form of consumer generated media involves a variety of new sources of online information that are created, initiated and circulated among customer and influence their various aspects of buying behavior including awareness, information, acquisition, opinions, attitudes, purchase and post-purchase communication and evaluation. Customers now consider social media as a more trustworthy source of information compared to corporate-sponsored communication. So, social media, in today’s time not only plays the role of an informer but also that of an influencer who can very effectively influence the consumer decision making process.

Talking about companies, it is one of the significantly low-cost promotional methods that provide them large numbers of contacts and a huge amount of traffic. Social media is extremely beneficial for companies in exposing complete information about their products and services in the chain of networking world. It is a booming market where companies are thinking of innovative ways to develop their marketing plans. Enlightened marketers are designing product campaigns driven by social media aimed at fostering brand awareness and customer service. Apart from its use in marketing communications, social media also serves as an inexpensive platform in areas like marketing intelligence, research, public relations, product and customer engagement.

2. TRENDS IN SOCIAL MEDIA MARKETING IN INDIA

75% of India’s online population are digital consumers. (Ernest & Young, 2015). These include consumers who use digital media either partly or completely in their purchasing journey. Social media usage in India has increased in leaps and bounds and the number of internet users in India has reached 302 million users by December 2014. (Ernest & Young, 2015) Active social media users in India grew to around 106 million users and India is among the top three countries in terms of number of people using Facebook (100 m+ users). (Ernest & Young, 2015). With 100 plus million Facebook users, social media has moved from its follow up marketing function to its premium function. Facebook is the most important platform followed by Twitter and YouTube. The top three objectives that social media is helping companies to achieve is: building brand awareness, highlighting brand news and building a community and customer engagement. Companies and their brands do not totally rely on corporate communication generated through traditional mass communication channels but on communities and peers generated through social media. Many companies in India are emerging in a big way for Social Media Optimization (SMO) for their products and services.

3. INDIAN AUTOMOBILE SECTOR

The Indian automobile sector is a combination of innovation, science, creativity and technology that provides growth to the industry, people and country at large. The automobile industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, thereby registering a growth of 8.68 percent over the same period last year. (SIAM: Society of Indian Automobile Manufacturers, 2015). It
accounts for almost 7% of the country’s GDP and employs about 19 Million people both directly and indirectly. India is currently the seventh-largest producer in the world with an average annual production of 17.5 Million vehicles, of which 2.3 Million are exported. It is estimated to become the third largest market for automobiles in the world by 2016 accounting for 5% of global vehicle sales. (http://makeinindia.com/sector/automobiles/, 2015)

With the increasing use of internet and social media, the automobile sector finds a golden opportunity to promote the auto brands on the digital platform. In the first quarter of the year 2010, 32.2% of traffic to automotive retail sites came through search engines and the following quarter, it increased to 33.4%. (Bagga & Gupta, 2014). The basic purpose of visiting automotive retail sites is to compare the brand features, prices, check inventory and know about the company. The consumers engage in social media reading opinions and reviews about specific auto brands, looking for special offers and deals, staying up-to-date on latest launches and discussing automotive topics with other customer on social networking sites.

4. RATIONALE OF THE STUDY

The Automobile Industry ended FY 2015 with a growth 7.2% in unit sales. (ICRA Research Services, 2015). The Indian auto industry is one of the largest in the world with an annual production of 23.37 million vehicles in FY 2014-15, following a growth of 8.68 per cent over the last year. It accounts for 7.1 per cent of the country's gross domestic product (GDP). (India Brand Equity Foundation, 2015). India is currently the seventh-largest producer in the world with an average annual production of 17.5 Million vehicles, of which 2.3 Million are exported. The Indian automobile market is estimated to become the 3rd largest in the world by 2016 and will account for more than 5% of global vehicle sales. (http://makeinindia.com/sector/automobiles/, 2015). As per the study conducted by Capgemini, a global consultancy firm, covering 8,000 consumers across India, (Economic Times, 2015), about 78% of the people surveyed said that they would be likely to purchase a vehicle from a particular car manufacturer or dealer if positive comments were found posted on social media. The role of web usage for both vehicle purchasing and research has increased. The number of Indian consumers researching online reached 95% in 2011 up from 86% in 2010.

This shows that it is important for automobile companies to know how to get involved in social media and at the same time engage the potential customers too. Moreover, social media gives a platform to existing customers to voice their opinion, so an interaction with them will help companies analyze the valuable feedback they provide and thus boost their relationship with their loyal customers. So, this paper tries to elaborate the role of social media at different stages of consumer decision making process and attempts to suggest some social media strategies at these different stages so as to enable the company to design a comprehensive social media campaign that enables them to attract and retain customers in the long run.

5. OBJECTIVES

1. To understand the concept of social media marketing and its applications in Indian automobile industry.
2. To identify the influence of social media on consumer decision making process.
3. To suggest some social media strategies for companies at different stages of consumer decision making.

6. LITERATURE REVIEW

The concept of social media is on top of the priority list for many top executives of reputed global companies. Decision makers try to identify ways to identify the profitable use of applications like Facebook, Twitter, LinkedIn, YouTube etc. Social Media is an open media for interactive communication amongst common people. It allows anybody to become a producer of the content to be shared and deliver it through interactive communication. As defined by Strokes, Social Media is the media that is published, created and shared by individuals on the internet, such as blogs, images, video and more. (Sharma, 2013).
As defined by Strauss & Frost, it also includes online tools and platforms that allow internet users to collaborate on content, share insights and experiences, and connect for business or pleasure (Sharma, 2013). Since its birth, social media has been the preferred choice and companies have realized that it is an essential marketing tool.

A number of factors have contributed to the proliferation of social media as a strategic marketing tool. These include technological tools such as increased broadband availability, improved software tools, like computers and mobile devices. Social factors such as rapid adoption of social media by younger age groups and economic factors such as increase in affordability of computers have contributed immensely to the rise of social media.

As mentioned by Jacobs, Social Media plays an important role in providing effective customer support. (Sharma, 2013). This is an interactive platform wherein customers voice their opinion about any product or service. Social media is considered more trustworthy than the other traditional media channels. So, a company’s reputation is no longer in the hands of the corporate communication department but in the hands of the internet savvy customers who can very promptly share their experiences regarding a product or service thereby either enhancing or damaging the company’s reputation in a short span of time.

Therefore, the biggest challenge for any organization is monitoring the social media for feedback, ideas and sentiments regarding a product or service and thereby designing the role of social media in consumer decision making.

7. EVOLUTION OF SOCIAL MEDIA

The earliest ways to send long distance messages were through audio or video mode. Social Media originated in 550BC when the regular postal system came into existence in Iran where horse-riders and horse-drawn wagons carried mail usually consisting of government dispatches. During the 18th and 19th century, devices like telegraph, telephone and radio were invented enabling people to send messages over long distances. Internet evolved in the 20th century marking an era of exchange of messages digitally or via web. Email, ARPANET, USENET, BBS (Bulletin Board System), IRC (Internet Really Chat) and Napster were some of the important sites for social interactions. It was in the 21st century that the role of social media grew exponentially with the launch of Freindster, Fotolog, Photobucket, Flickr, Orkut, Facebook, Ning, Digg, Twitter, You tube etc. Since then, social media has come a long way and has become a convention of the online landscape.
8. CONSUMER DECISION MAKING

- First regular postal system established in Iran in 550BC.

- Email, ARPANET, USENET, BBS (Bulletin Board System), were some of the important sites for social interactions

- Use of telegraph, television and radio were the highlights of this era

Figure 1 Consumer Decision Making Process (Kardes, Cronley, & Cline, Consumer Behavior, 2011)
9. DIFFERENT TYPES OF CONSUME DECISION MAKING PROCESS

There are different types of consumer purchase decisions depending upon the level of involvement. (Hawkins, 2012).

1. Nominal decision making: It is when consumers are involved in the purchase of a low-involvement product. So, it includes problem recognition and information search but no evaluation of alternative as the next step.
2. Limited decision making: It is somewhat similar to nominal decision making the difference being that there is a limited amount of information search and a few alternatives are evaluated.
3. Extended decision making: In this case, the consumers are highly involved with the purchase and the decision making is complex. The consumers extensively goes through all the steps in decision making.

10. EFFECT OF ONLINE SOCIAL NETWORKS ON CONSUMER’S PURCHASE DECISION

Consumers belong or aspire for different online groups and these groups are able to change their purchasing behavior. (Solomon M. R., 2010). In a traditional way, consumers make their decisions on the basis of the information received by mass media but now-a-days, the online social networks are more influential in moderating the purchase behavior of customers. (East, Wright, & Vanhuele, 2013). There are several social networking groups that influence the purchase behavior:

- Primary groups are characterized by the size and close relationship within individuals. e.g. family members, close friends.
- Secondary groups are made of more than one primary group.
- Informal groups are made of people having common interests or culture.
- Formal groups are organized with a more rigid structure.
- Virtual groups: Online social groups, blogs etc.

Apart from these, social network groups also comprises of Reference Groups that is individuals or groups whose opinion or experiences are important to consumers and influences their purchase behavior. Reference group influences customers in three different ways:

1. Informational influence: seek information about different types of brands.
2. Utilitarian influence: consumer’s decision is relied more on satisfaction of others in one’s social group.
3. Value-expressive influence: the images that others have on consumers become important to choose a brand. (Solomon M., 2010).

11. REASONS BEHIND ONLINE SOCIAL NETWORKS’ INFLUENCE ON CONSUMER DECISION MAKING

Online word-of-mouth communication: Word-of-mouth is described as an engagement of consumers in positive or negative communication or an outcome of satisfaction or dissatisfaction experiences. WOM is person-to-person communication related to brands, products, services, companies and organizations that have an impact on consumer’s purchase decision. (Evans, Jamal, & Foxall, 2009). There are key influences of WOM communication on consumer’s decision (Brown, 2007).

1. Tie strength: A multidimensional construct that represents the strength of the dyadic interpersonal relationships in the context of social networks. (Williams & Money, 1998).
2. Homophily: Members of a group are similar in terms of attributes.

Online WOM is through online social networking sites, blogs, online discussion forums, and virtual communities and ratings/reviews sites. (Goldsmith & Horowitz, 2006). Online WOM allows consumer to gather and obtain information from variety of groups of people and not only from the people whom they know. Information search is one of the consumer’s purchase decision steps and consumer like to search for
information in order to reduce uncertainty and risk. (Peterson & Marino, 2003). Many consumers check other consumers’ recommendations (WOM) before making any purchase decision especially when buying new product. (Kim & Srivastava, 2007)

12. CONSUMER INTERACTION IN ONLINE SOCIAL NETWORKS

Thurau & Walsh (Thurau & Walsh, 2003) showed that there are five factors which motivate consumers to read online opinions and get influenced by them:

1. Obtaining buying related information (reduce risks)
2. Social orientation through information (Consumers can evaluate and compare between different brands)
3. Community membership (consumers belong and admire different online social networks)
4. Remuneration (consumers like prize and award)
5. Learning about new products’ consumption

Webster (Webster, 2011) researched on American users and found that about 52% have at least one or more social network profiles. It also showed a quarter of online social network users follow their favorite products, companies and services on these sites, 80% of them used Facebook companies and brand pages. The findings show that online social networks have become a product information source.

13. RESEARCH METHODOLOGY

An exploratory empirical research study was carried on a sample of young adult students to study their behaviour with respect to the automobile market in terms of the search for information, decision making etc. to try and understand the utility and importance of the social media in brand building and marketing of automobiles. These students represented the future customers of automobiles and the study of their behaviour will form the basis for the marketing strategy of automobile manufacturers in the future.

A sample of 60 young adults of both genders was chosen for the study. These adults were educated, possessed smart phones, and were internet savvy, had their presence on, and regularly used, social media for various purposes. All of them were MBA students and came from families that were well off and owned one or more automobiles. However, since they were students, they themselves had no income and were presently not decision makers in purchasing a costly product like a car. But all of them would be prospective customers of car manufacturers once they started their careers after their education.

The study revealed certain characteristics of behaviour which could be the basis for further detailed study of future consumers of automobiles.

14. FINDINGS

There were marked gender differences in the usage and search of information on the internet

- 60% of boys spend less than 10 hours per week on internet, while 57% of girls spend more than 10 hours on internet
- 60% of boys spend less than 10 hours per week on mass media, while 79% of girls spend less than 10 hours per week on mass media
- 76% of boys use internet to learn about auto products, while only 37% girls use internet to learn about auto products
- 84% of boys felt searching information on social media sites is easier than on mass media, while only 58% girls felt the same
- 56% of boys believe that under uncertainty regarding information about a product, social media is more reliable than mass media, while only 42% of girls feel the same way
• 88% of boys feel that social media has provided more effective platforms to draw customer attention, while only 63% of girls felt the same way
• Girls ranked ‘Reputation’ as the most important factor while looking for auto products, whereas boys ranked ‘Specifications’ as most important

However, in a large number of aspects there was insignificant difference between genders
• 75% would use internet to communicate and share their experience about auto products
• But only 42% would prefer paying online for an automobile purchase
• 83% agreed that social media helps customers in seeking information actively about the auto products
• 78% felt that reviews, comments on social media help customer try new brands
• 54% believe that social media communication has higher credibility than mass media
• 71% believe that positive comments online are likely to change their attitude towards different auto brands
• 69% believe that feedbacks, comments on social media affect the consumer purchase of an auto brand
• 77% felt that social media provides an effective and powerful platform to customers to communicate to others and to the company
• 64% feel encouraged to voice their opinion after purchase via social media
• 76% felt that social media makes decision making for consumers easier

Shopping was not among the first three reasons for use of the internet in this age group
• 54.24% people ranked research, 22.03% people ranked email correspondence and 13.56% ranked social networking as the first and most important reason to use internet
• 23.73% people ranked entertainment, 20.34% research and 18.64% shopping as the second most important reason to use internet
• 32.20% people ranked social networking, 15.25% people ranked shopping and 11.86% people ranked email correspondence as the third most important reason to use internet
• 26.55% of the people ranked research as one of the top three reasons to use internet followed by social networking-18.64%, email correspondence-14.69%, shopping-13.56% & entertainment-10.73%
• Shopping is the top ranked reason for only 6.78% of the people, while it is one of the top three reasons for only 13.5% of the people
• In fact, research is the top ranked reason ranked by 54.24% people
• Auto company sites and social media sites are equally preferred by consumers while trying to learn about auto products
• TV as are the most influential ones (25%) while trying to learn about different auto brands followed by online competitions (10 %) and celebrity endorsements (8 %)
• While looking for factors that encourage consumer so buy online, 36% voted for quality of information, 8% preferred ease of navigation, 7% preferred recommendation from others, while 29% preferred more than one factor. However, 10% said that they would not be influenced by any of these factors
• While looking for factors that encourage consumer to revisit the auto social media page, 37% would be encouraged by online advertising, while 6% by rewards and loyalty programs, and 34% listed miscellaneous factors. 6% said that none of the above factors would encourage them
15. CONCLUSIONS
Though the time spent by consumers online is increasing but the traditional media, TV, still plays the most important influential role. Consumers communicate and share feedback online but prefer to buy offline. Therefore, with reference to the consumer decision making model, consumers are influenced by social media only till evaluation of alternatives and there also the mass media still dominates, though the post purchase behavior of consumers is seen online when they share their feedback and experiences. This feedback and reviews adds credibility and reliability to the consumer purchase behavior online. Shopping is not an important reason to be on internet. So, people are still not using internet to shop online and, even if they do, they search and evaluate the different options and finally buy offline. Reputation of the auto brand followed by specifications of the product impacts more when consumers evaluate different auto brands. Authenticity or quality of information provided online motivates consumers to buy online followed by ease of navigation and recommendation for the product by others. Online advertising attracts customers to revisit the auto social media page followed by rewards and loyalty programs. Young people are spending more and more time on social media and are using it for gathering and authenticating information about various products and brands. However, consumers still avoid buying such costly products online. Therefore auto companies will have to devise ways of making social media an effective distribution outlet and thus reach customers directly. However, they will have to keep in mind the marked difference in some of the ways social media and internet is used by males and females. Social media has the potential of drastically changing the distribution pattern of auto products as it has already done in the case of various consumer products.

16. SUGGESTIONS
Looking into the huge impact of mass media especially TV on the buying behavior of auto brands, social media needs to enhance the visibility and engagement with the customers. This may involve attracting them to online rewards and loyalty programs. Auto companies should design attractive advertising high lighting the reputation of the brands and the specifications of the product followed by rewards for buying online. They should design simple easy ways to navigate through their sites. Auto brands are considered high involvement products and demands for clear visibility and touch experience by customers. So, the company can launch rewards online for free test drives at the stores but motivate them to buy online by offering attractive discounts for booking their orders online. At the same time, auto companies should build effective brand communities for their auto brands. This will not only give customers an effective platform to share their experiences ad post their reviews but also help the companies build a network of loyal consumers for their brands.

17. LIMITATION OF THE RESEARCH:
It was an exploratory research confined to a sample size of 60 young adults. The sample was homogenous in terms of certain demographic factors such as age and education. While information about their family income bracket was not clear, they all belonged to the upper middle or upper class segment in terms of income. Therefore the study is more of behavioral characteristics of this homogenous class of consumers rather than differences among various heterogeneous groups. However, differences in behaviour between male and female consumers could be observed.

18. FUTURE SCOPE OF RESEARCH:
This study is a pointer of things to come and is only a beginning at investigating the buyer behavior matrix of auto products and social media. Various demographic factors in terms of age, income, location, education etc. will have to be researched before strategies can be devised by auto companies.
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